

Public Hearing – February 26, 2019
Energy and Technology Committee

Testimony Submitted by Commissioner-Designee Katie S. Dykes

S.B. 875 – An Act Expanding Connecticut’s Offshore Wind Energy Portfolio

H.B. 7156 – An Act Concerning the Procurement of Energy Derived from Offshore Wind

Thank you for the opportunity to present testimony regarding **S.B. 875**, An Act Expanding Connecticut’s Offshore Wind Energy Portfolio and **H.B. 7156**, An Act Concerning the Procurement of Energy Derived from Offshore Wind.

The Department of Energy and Environmental Protection (DEEP) commends the Committee for raising these bills, indicating a commitment and recognition that offshore wind is an important technology, with the potential to provide multiple benefits to ratepayers. Offshore wind facilities have the potential to deliver large quantities of zero carbon renewable energy to Connecticut and New England, helping our state and region make significant progress towards meeting our climate goals. They also have a high capacity factor relative to other types of zero-carbon renewable resources, and tend to produce electricity more consistently—key features that help offshore wind facilities contribute to meeting the regional grid’s fuel security and reliability challenges. The proximity of New London to federal lease areas off the New England coast means that offshore wind investment both in Connecticut and across New England can be a key driver for economic development in the state for all aspects of turbine construction, deployment, and maintenance.

The Department of Energy and Environmental Protection (DEEP) strongly **SUPPORTS** S.B. 875 as a mechanism to help the state meet its Global Warming Solutions Act targets and stimulate in-state economic development by purchasing zero carbon electricity from new offshore wind developments in federal lease areas off the New England coast.

While the authority in S.B. 875 is resource-specific, it complements DEEP’s existing multi-resource renewable energy authorities for which offshore wind is also eligible. Connecticut recently conducted two solicitations using these multi-resource authorities, and selected a total of 304 MW of offshore wind, equaling approximately 4.5% of the state’s electric load. To date, DEEP’s offshore wind selections have resulted in meaningful economic development commitments, including a \$22.5 million commitment to invest in the New London State Pier as well as several million dollars towards other local educational and workforce development opportunities.

S.B. 875 provides new authorization for DEEP to conduct solicitations for offshore wind resources in consultation with the Office of Consumer Counsel and the Procurement Manager at the Public Utilities Regulatory Authority, and to select projects to meet up to 15% of the load of the state’s electric distribution companies, which is the equivalent approximately 1,000 MW of offshore wind. Importantly, this additional authority is additive to the state’s existing, un-allocated multi-resource authorities of which, taking into account recent selections and past contracts, 16% of this authority (equivalent to 1,000 MW of offshore wind) is available for new

solicitations. As noted above, this multi-resource authority has been used successfully in recent procurements to secure investment in offshore wind projects.

In sum, this proposal would raise the total quantity of *unallocated* procurement authority for renewable and zero-carbon resources to 31% of the state's electric load, providing an ample and varied set of opportunities for the state to make robust selections of offshore wind.

Other states in the New England region have made commitments and/or investments in offshore wind at similar quantities as authorized in this proposal. Massachusetts has a goal of procuring 1,600 MW (~13.35% of load) by 2027, has already procured 800 MW, and is currently studying whether to seek authorization to procure up to an additional 1,600 MW. Rhode Island has procured 400 MW (~ 23.72% of load) and New York has a goal of procuring 9,000 MW by 2035 (~25% of load). This proposal allows DEEP to conduct our solicitation in coordination with these other states to take advantage of economies of scale and maximize the benefits for Connecticut ratepayers. Moreover, this proposal requires DEEP to establish in the state's next Integrate Resources Plan a predictable schedule of procurements, harmonized where possible with other states and informed by analysis of economic development opportunities and progress needed to meet the state's Global Warming Solutions Act targets in 2020, 2030 and 2050.

Importantly, this proposal's structure and selection considerations are similar to the procurement authority that DEEP has utilized under C.G.S. Secs. 16a-3f – 16a-3h and 16a-3j, which requires that DEEP be guided by both the ratepayers' best interest and state policy goals. This balance has resulted in decreasing costs to ratepayers and increasing benefits to the state. In making project selections, DEEP must consider certain factors, including whether a proposal is in the best interest of ratepayers, positive impacts to the state's economic development, and policy goals outlined in the Comprehensive Energy Strategy and Integrated Resources Plan. The proposal requires DEEP to work with the Department of Economic and Community Development to evaluate commitments made by proposals and ensure any selected proposals maximize economic development benefits. In addition, all proposals must agree to pay no less than the minimum wage and agree to negotiate in good faith over project labor agreements.

DEEP also **SUPPORTS** the concept raised in **H.B. 7156**, An Act Concerning the Procurement of Energy Derived from Offshore Wind. DEEP believes the bill would benefit, however, from ensuring that any solicitation authorized under the proposal should be in line with an identified energy policy need in the Integrated Resources Plan, and should allow for more than 45 days for the Public Utilities Regulatory Authority to review any agreements resulting from a solicitation.

DEEP welcomes any opportunity to work with the Committee on these bills.

Thank you for the opportunity to present testimony on this proposal. If you should require any additional information, please contact Mandi Careathers, DEEP's Legislative Liaison, at Mandi.Careathers@ct.gov.